

STATE OF MINNESOTA

IN SUPREME COURT

C2-84-2163

C9-81-1206

**ORDER FOR HEARING TO CONSIDER PROPOSED
AMENDMENT TO THE RULES RELATING TO
REGISTRATION OF ATTORNEYS**

IT IS HEREBY ORDERED that a hearing be had before this Court in Courtroom 300 of the Minnesota Supreme Court, Minnesota Judicial Center, on April 14, 1998 at 1:30 p.m., to consider the request of the Minnesota Board of Continuing Legal Education to amend the Rules Relating to Registration of Attorneys so as to increase the portion of the attorney registration fee designated to the CLE board from \$7 to \$10 per attorney. A copy of the board's report containing the proposed change is annexed to this order.

IT IS FURTHER ORDERED that:

1. All persons, including members of the Bench and Bar, desiring to present written statements concerning the subject matter of this hearing, but who do not wish to make an oral presentation at the hearing, shall file 12 copies of such statement with Frederick Grittner, Clerk of the Appellate Courts, 305 Judicial Center, 25 Constitution Avenue, St. Paul, Minnesota 55155, on or before April 10, 1998, and
2. All persons desiring to make an oral presentation at the hearing shall file 12 copies of the material to be so presented with the aforesaid Clerk together with 12 copies of a request to make an oral presentation. Such statements and requests shall be filed on or before April 10, 1998.

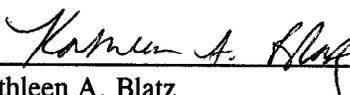
Dated: February 19, 1998

BY THE COURT:

**OFFICE OF
APPELLATE COURTS**

FEB 19 1998

FILED


Kathleen A. Blatz
Chief Justice

FILE NO.C2-84-2163

STATE OF MINNESOTA

IN SUPREME COURT

Amendment to the Rules
of the
Supreme Court for Registration of
Attorneys

REPORT OF THE BOARD OF
CONTINUING LEGAL EDUCATION

BACKGROUND

The Minnesota Board of Continuing Legal Education (CLE Board) was created by the Minnesota Supreme Court for the purpose of assuring that Minnesota attorneys continue their legal education throughout the time they are actively practicing law.

Since its inception in 1976, the Board's administrative expenses have been funded primarily from the Attorney Registration Fee paid by all Minnesota-licensed attorneys. A \$5 per attorney allocation was imposed in 1976 and remained in effect until 1988 when it was increased to \$7 per attorney. In addition to the Attorney Registration Fee income, the Board receives some income from attorney late filing fees and reinstatement fees.

In 1976 there were approximately 7,500 licensed Minnesota attorneys in active status. Today there are more than 20,000. In 1976 the Board approved fewer than 2,000 CLE courses. In 1997, more than 6,000 courses were approved. By maintaining a small administrative staff, the Board has been able to rely on

increases in the numbers of registered Minnesota attorneys to generate sufficient operating income.

In FY98, the CLE Board required additional revenue to finance the purchase of a computer system as well as to cover inflationary increases in operating costs. On August 6, 1997, the Court ordered that an additional \$7 per attorney be allocated from the Attorney Registration Fee to the CLE Board until June 30, 1998. This order is expected to generate approximately \$112,000. On September 10, 1997, the Court amended the Board's rules increasing the amounts charged for late filing of attorney CLE affidavits. This amendment will generate approximately \$13,000 in additional revenue each year.

Projections for income and expenditures in FY99 and FY00 indicate that the Board will require additional revenue in the approximate amount of \$64,000 in each of the next two fiscal years. Based upon this projected need, the Board makes the following:

RECOMMENDATION

That the portion of the Attorney Registration Fee designated to the CLE Board be increased from \$7 to \$10 per attorney effective July 1, 1998.

DISCUSSION

The CLE Board, and particularly the members of the Board's Funding Committee, has met on numerous occasions during the past 6 months and considered various revenue and expenditure options. At the Committee's recommendation during its January 1998 meeting, the Board adopted the two-year expense budget attached hereto as **Exhibit A**.

Exhibit A shows that the significant increases in expenditures in FY98 and FY99 are those associated with software development and hardware purchases required by the Board's new computer system. Computer development and implementation costs are spread between FY98 and FY99. Beginning with FY00, operating expenses may return to pre-FY98 figures, adjusted for inflationary increases. Thereafter, operating expenses are expected to increase only in proportion to inflationary increases.

Attached as **Exhibit B** is an income and expense projection extending through FY00 that includes income from the recommended \$3.00 increase in the Attorney Registration Fee. Cash flow requirements compel the Board to maintain year-end reserves sufficient to fund 25% of the following year's anticipated expenditures. Projections shown on **Exhibit B** include a year-end reserve in excess of the 25% minimum. The Board recommends that a modest reserve in excess of the minimum be maintained because of the difficulty of making precise budget projections at this time. The Board is in the midst of developing and implementing a new office-wide computer system, introducing new attorney reporting requirements in two subject categories (ethics and elimination of bias) and studying user fees as a source of operating revenue. Any of these factors could result in unforeseen costs that would require the use of this reserve.

Exhibit B shows that a \$3.00 increase in the Attorney Registration Fee will give the Board adequate income for expenditures, generate the 25% year-end reserve and generate reserves at the end of FY99 and FY00 of approximately \$37,000 and \$66,000, respectively.

If no increase in revenue were forthcoming, the Board would experience a \$26,000 deficit in FY99. Deficits would continue to increase each year thereafter.

The Board does not anticipate requesting any change in funding in the near future,

and certainly not within the two years covered by this proposed budget. The Board will explore options with respect to user fees for periods beyond the two-year period encompassed by the proposed budget.

The Board believes that the above recommendation may not require a hearing before the Supreme Court because this request comes at the same time as the Client Security Board's request for a decreased contribution from the Attorney Registration Fee. A net decrease of \$2.00 per attorney in the Fee will result if the Court chooses to follow both recommendations. If the Court prefers that the Board file a petition, the Board will do so. The Board will await further direction from the Court.

Respectfully submitted,

MINNESOTA BOARD OF
CONTINUING LEGAL EDUCATION

William E. Jepsen, Chair
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Minneapolis, MN 55402
(612) 344-0370

Margaret Fuller Corneille, Director
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25 Constitution Avenue, Suite 110
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(612) 297-1857

Dated: _____, 1998

John D. Kelly, *President*
David Higgs, *Secretary*
Samuel L. Hanson
Hon. Joan E. Lancaster
Mary E. McGinnis
Barbara J. Runchey
Oscar J. Sorlie, Jr.
Iris Cornelius, Ph.D.
Catherine M. Warrick, Ph.D.



THE SUPREME COURT OF MINNESOTA
BOARD OF LAW EXAMINERS

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Ask For 297-1857

Margaret Fuller Corneille, Esq.
Director

April 9, 1998

Fred Grittner
Clerk of the Appellate Court
Minnesota Judicial Center
25 Constitution Avenue
Suite 305
St. Paul, MN 55155

OFFICE OF
APPELLATE COURTS

APR 13 1998

FILED

RE: Hearing on CLE Board Request for
Amendment to Attorney Registration Rules
Case No. C2-84 2163
Case No. C9-81-1206

Dear Mr. Grittner:

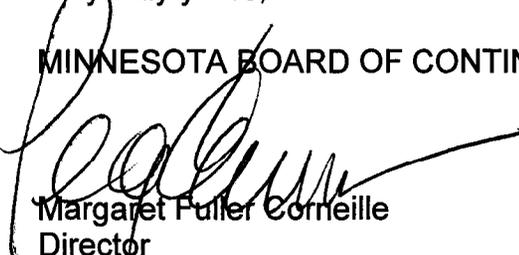
Please accept this written request for oral presentation at the above matter scheduled for hearing on April 14 at 1:30 p.m.

William E. Jepsen, Chair of the Board of CLE, and myself request five minutes and ten minutes, respectively, to make oral presentation to the Court on this matter.

Thank you for your consideration.

Very truly yours,

MINNESOTA BOARD OF CONTINUING LEGAL EDUCATION


Margaret Fuller Corneille
Director

bb

cc: William E. Jepsen

GRITORAL